

Week beginning **17-July-17**

BANKS	Rating	Price Target (N)	Price (N)	Potential Up/Downside	P/E (x) 2016	P/E (x) 2017E	P/B (x) 2016	P/B (x) 2017E	EPS gr. 2016 (y/y)	EPS gr. 2017E (y/y)	ROAE 2016	Div Yield 2017E
ACCESS	HOLD	9.76	9.90	-1.4%	2.3	2.9	0.4	0.5	-5.7%	37.6%	17.4%	7.1%
FBNH	SELL	5.37	6.04	-11.1%	7.0	11.6	0.2	0.3	11.6%	8.3%	3.0%	5.0%
GUARANTY	SELL	30.72	36.60	-16.1%	5.3	6.8	1.4	1.9	33.0%	15.4%	28.8%	5.7%
UBA	HOLD	8.84	9.00	-1.8%	2.3	4.2	0.4	0.6	11.2%	7.5%	18.5%	8.9%
ZENITHBANK	HOLD	20.83	21.93	-5.0%	3.6	4.7	0.7	0.9	22.6%	12.1%	20.0%	9.3%
AVERAGE		15.10	16.69	-7.1%	4.1	6.0	0.6	0.8	14.6%	16.2%	17.5%	7.2%

CEMENT	Rating	Price Target (N)	Price (N)	Potential Up/Downside	EV/SALES (x) 2016	EV/EBITDA (x) 2016	EV/EBITDA (x) 2017E	P/E (x) FY 2016	EPS gr. FY 2016/15	EPS gr. FY 2017E/16	Div Yield 2017E	
CCNN**	SELL	5.53	9.70	-42.9%	0.2	0.9	0.9	5.0	9.8	4.2%	-0.6%	0.0%
DANGCEM	HOLD	203.91	209.00	-2.4%	5.2	12.5	8.6	15.3	16.1	4.4%	14.6%	4.7%
WAPCO	BUY	80.98	52.00	55.7%	2.4	17.5	8.3	13.0	10.6	-45.1%	56.4%	4.7%
AVERAGE		96.81	90.2	3.5%	2.6	10.3	5.9	11.1	12.1	-12.2%	23.5%	3.1%

CONSUMER GOODS	Rating	Price Target (N)	Price (N)	Potential Up/Downside	EV/SALES (x) 2016	EV/EBITDA (x) 2016	EV/EBITDA (x) 2017E	EPS gr. FY 2016/15	EPS gr. FY 2017E/16	Div Yield 2017E		
CADBURY	HOLD	15.06	12.56	19.9%	0.5	21.8	6.9	-65.2	37.4	-125.7%	-312.7%	2.1%
DANGSUGAR	SELL	7.31	9.00	-18.8%	0.4	3.0	2.3	5.1	6.1	24.8%	22.4%	8.5%
FLOURMILL*	BUY	49.24	25.00	97.0%	0.4	4.2	4.7	6.1	4.8	-44.8%	71.2%	13.5%
GUINNESS*	HOLD	71.66	63.0	13.7%	1.9	14.8	12.3	-62.0	-27.3	-125.9%	72.6%	5.1%
NB	SELL	120.15	154.02	-22.0%	3.8	14.3	11.3	41.3	27.2	-25.3%	58.1%	3.7%
NESTLE	SELL	812.52	903.05	-10.0%	3.5	14.5	11.5	81.0	22.2	-66.6%	306.9%	4.3%
PZ*	SELL	14.29	21.50	-33.5%	1.1	13.3	10.8	30.9	27.0	-54.0%	69.9%	3.2%
UNILEVER	SELL	26.61	33.00	-19.4%	2.0	16.9	12.6	43.1	27.4	157.6%	48.3%	0.7%
AVERAGE		139.61	152.64	3.4%	1.7	12.8	9.1	10.0	15.6	-32.5%	42.1%	5.1%

*Multiples for GUINNESS, FMN and PZ are a year ahead due to end-June, March and May year ends respectively

**Under Review

Source: Bloomberg, Cordros Research estimates

CADBURY NIGERIA PLC (CADBURY) – HOLD

- The shares of CADBURY appreciated by 0.48% last week to close at N12.56. CADBURY trades at forward PE of 37.4x, above its 5-year historical average of 24.9x.
- Despite growing revenue by 13.3% y/y and reducing operating expenses by 6% y/y, CADBURY's Q1-17 PAT fell by 86.2% y/y, way behind our -47% y/y estimate. The revenue growth was driven by relatively higher prices while lower opex reflects continued savings (+1.6% opex in 2016FY) following the implementation of zero-based budgeting system.
- The higher-than-expected decline in earnings follows bigger contraction of gross margin and a net finance of N24.8 million (vs. net income in Q1-16) reported during the period. While noting visibility constraint, our hunch is that the bigger-than-expected decline in margin could be mix, or energy related. While finance income fell 31% y/y, a finance charge of N62.2 million (vs. Nil in Q1-16) was reported against the N1.71 billion overdraft facility drawn during the period.
- Following the result, we have revised CADBURY's 2017-18F EBITDA lower by 28% average, largely on more conservative expectation of margin recovery. And while TP has been consequently lowered to N15.06 (previously N16.10), we recommend a HOLD on the stock.

DANGOTE SUGAR REFINERY PLC (DANGSUGAR) – SELL

- The shares of DANGSUGAR gained 3.45% last week to close at N9.00. DANGSUGAR trades at forward PE of 6.1x, below its 5-year historical average of 7.5x.
- DANGSUGAR reported Q1-17 revenue (82.5% y/y), EBITDA (13.8% y/y), and PAT (42.5% y/y) that were well ahead of Q1-16. Annualized, revenue and PAT are above consensus by 30.9% and 1.4% respectively. The revenue growth was driven by the significantly higher average price (121% y/y), which more than compensated for relatively lower sales volume (17% y/y). Management said it sold 174,981 tonnes of sugar during the period, 7% more than the 164,129 tonnes achieved in Q4-16, and 13% above our estimate.
- Also positively impacting PAT was the significant increase in investment income (N971.4 million vs. N7.1 million in Q1-16), enabled by growing cash generation, and consequent investments in short term, high interest yielding money market instruments. In addition, an amount of N122.5 million was reported as fair value adjustment on biological assets, compared to -N80.3 million in Q1-16. And while operating expenses increased by 29.1% y/y, it fell by 136 bps y/y as a proportion of revenue.
- Although gross margin improved from the trough of 7.3% in Q4-16, the 13.2% realized during the period was significantly shy of the 20% guided by management, and lower than our 14.7% estimate. Management had cited the (1) purchase of forex at a relatively lower average rate (compared to Q4-2016) and (2) higher output from Savannah where margins are higher, as the potential enablers of margin recovery.
- Overall, DANGSUGAR's Q1-17 PAT is consistent with our strong growth expectation (22%) for 2017F. We look for lower PAT growth in subsequent quarters as narrowing y/y price differential (with sales volume unlikely to improve significantly from current level) forces revenue growth to taper. At current market price, we recommend a SELL on the stock.

FLOUR MILLS OF NIGERIA PLC – BUY

- The shares of FLOURMILL advanced 9.75% to close at N25.00. FLOURMILL trades at 2018 PE of 4.8x, below its 5-year average of 19x.
- FLOURMILL released fourth quarter and 2016/17FY result last week. Compared to the loss we expected, Q4 PBT of N179 million (vs. N1.5 billion in Q3) was reported. A net operating gain of N10.3 billion (vs. N11.8 billion loss as at end-December, owing to FX gain of N7.54 billion) and a finance charge of N14.8 billion (vs. Cordros' N4.7 billion) were the major surprises in the final quarter result. Overall, FLOURMILL reported net profit of N8.8 billion for the 2016/17FY, against a loss of N15.4 billion reported the previous year (excluding the gain on disposal of investment) and ahead of our estimate of N5.7 billion. The board has proposed a final dividend of N1.00, same as in the previous year.
- Revenue in Q4 grew by 70.5% y/y, the highest in all quarters of the year, but compared to the Oct-Dec period, revenue was almost flat. The Food division remained resilient, supported by the Packaging division which furthered the recovery from Q3.
- The first negative surprise from the Q4 result was the 287 bps y/y and 279 bps q/q declines in gross margin (GM) to 9.8%, the lowest during the year.

- Also a negative surprise in Q4 was the 119% q/q increase in finance charge to a quarterly record of N14.8 billion, contrary to our expectation of a slight reduction following the relatively high charge (N6.8 billion) incurred in Q3. Operating expenses increased 74% q/q to the year's peak of N9.3 billion. While this conforms with FLOURMILL's usually bloated opex in the final quarter, we note that the amount reported was below the N10.2 billion we had expected. The N836 million reported as other income was also above our estimated N551 million.
- Overall, while acknowledging FLOURMILL's impressive 2016/17FY performance, we note, also, the effect of low 2015/16 comparables. The consistent weakness of quarterly earnings is a concern noteworthy. Given our single-digit forecast of normalized revenue growth, FLOURMILL's management must at least, attain 2016/17FY margin, and most importantly, rein in finance charges, to achieve another impressive performance in the 2017/18F.

GUINNESS NIGERIA PLC – HOLD

- The shares of GUINNESS gained by 1.61% last week to close at N63.00. GUINNESS trades at 2018 PE of 27.3x, below its 5-year average of 27.7x.
- GUINNESS released Q3-17 results, and surprised with a record gross margin (54.71%) recovery that was by far the biggest contributor to the company's first quarterly profit in exactly one year. Also supporting the PAT of N2.1 billion reported during the period was a 53.6% y/y increase in revenue. The high double-digit y/y revenue growth mainly reflects the impact of higher mean price, in addition to GUINNESS' renewed commitment to RTM (especially at the retail end), higher export sales (224% y/y), broader products portfolio (e.g spirits and the launch of Guinness Herbs), and the resilience of value brands (Satzbrau and Dubic Malt).
- The realized gross margin (GM) was higher 988 bps y/y and 3010 bps q/q. While noting the transmission from the recent price increases, margins have also benefitted from some productivity programmes ([see note](#)) via which DIAGEO (the parent company of GUINNESS) said most of the margin headwinds in Nigeria are being mitigated.
- On the negative however, opex increased by 43.2% y/y and 25.2% q/q, with the margin of 41% being the highest under the current financial year. Also worth highlighting is the 125.7% y/y increase in finance charges, comprising N435 million loss (Nil in Q3-16) on foreign exchange transactions and N2.1 billion (87.4% y/y and 12.4% q/q) as interest expense on loans and borrowings and overdraft facilities.
- Following the result, we have revised our LAT estimate for 2017F lower to N3.5 billion (from N5.1 billion) and increased PAT estimate for 2018F to N4.4 from N1.89 billion.
- GUINNESS submitted an application to the Nigerian Stock Exchange (NSE) for approval and listing of a rights issue of 684,494,631 Ordinary Shares of 50 Kobo each at N58.00 per share on the basis of 5 new Ordinary Share for every 11 Ordinary Share held .

NIGERIAN BREWERIES PLC – SELL

- The shares of NB gained marginally by 0.01% last week to close at N154.02. NB trades at forward PE of 27.2x, below its 5-year average of 31.5x.
- NB's reported Q1-17 result impressed on two main fronts: (1) 18% y/y revenue growth and (2) 255 bps q/q expansion of gross margin. Both were ahead of Cordros' (+3% y/y and +38 bps q/q respectively) and consensus (5% y/y revenue growth) estimates.
- Revenue benefitted strongly from the high pricing regime. We recall that NB increased prices on some SKUs in January, in addition to the increases implemented in the second half of last year. Relative to Q1-16, NB's average prices are currently higher by about 20% (Cordros' estimate), sufficient to compensate for the mid single-digit decline in volume, as reported by the management.
- Although gross margin was lower y/y, it was better than we expected, and also reasonably ahead of Q4-16's, which we consider a "litmus test" for our coverage of FMCG companies. While pricing continues to support margin recovery from the record-low Q3-16 level, the sharp appreciation of the Naira at the parallel market (where producers still meet considerable FX requirements) during the period, signaling possible productivity savings, may have underpinned the q/q margin improvement.

- Overall, in our view, NB's sales volume, notwithstanding the modest decline, has shown resilience, considering the magnitude of price increases implemented thus far. And while this will combine with higher average price to drive double-digit revenue growth over 2017F, improving liquidity of FX (potentially reducing the amount of USD requirement purchased from alternative markets), if sustained with continued focus on cost efficiencies, will act as tailwinds for margin and profitability. We have revised NB's TP higher to N120.17 (previously N106.95), but have SELL recommendation on the stock.

NESTLE NIGERIA PLC – SELL

- The shares of NESTLE appreciated by 0.23% last week to close at N903.05. NESTLE trades at 12-M PE of 22.2x, below its 5-year average of 43x.
- NESTLE grew PAT by 25% y/y in Q1-17, supported by the increase in revenue and finance income, which offset lower-than-expected gross margin and the increase in opex. On y/y basis, the revenue growth benefitted from both a lower base in the same period of last year and the price increases taken since H2-2016. Importantly, the impact of the price increase taken in the early part of this year reflected in the q/q revenue growth (16.6%), NESTLE's first Q1 growth over Q4 since 2012. Revenue from the Food division grew by 87.9% y/y while Beverage division posted 42.1% y/y topline growth.
- Finance income increased by 441.7% y/y, benefiting from the continued build-up of cash. In addition to the amount of cash held in short term investments being 25% above Q1-16 value, finance income has also benefitted from the rising interest rate environment.
- That said, a negative surprise from the result is the 622 bps q/q (wider than CADBURY's -573 bps q/q) contraction of NESTLE's gross margin to 38%, at a time we expected consumer goods companies to sustain and modestly improve their Q4-16 gross margins. NESTLE's gross margin was behind our 42% estimate. In addition, finance cost increased by 95.87% y/y, driven majorly by a net FX loss of N1.03 billion (vs. N16.1 million in Q1-16). This appears to us as the NGN devaluation effect of NESTLE's bloated book value of USD borrowings, standing at about N45 billion, from about N27 billion in Q1-16.
- Overall, NESTLE's performance beat both our expectation and consensus. We have revised 2017-2018F EBITDA higher by 22% average, and consequently increase TP to N812.5 (SELL).

PZ CUSSONS NIGERIA PLC – SELL

- The shares of PZ gained by 2.38% last week to close at N21.50. PZ trades at 2018 PE of 27.0x, below its 5-year average of 37.3x.
- PZ's Q3-16/17 result showed further improvement in profitability (from the loss reported in the first quarter) with 117% y/y and 46% q/q PAT growth respectively. The PAT (N1.89 billion) beat our estimate (N764.4 million) by a wide margin, primarily on higher-than-expected revenue (20% variance).
- The relatively lower COS and opex margins also accounted for the variance between the reported PAT and our estimate. By revising Q4-16/17 estimate higher, and accounting for the positive surprise in the third quarter, we have increased 2017 PAT to N3.36 billion (previously N1.19 billion). PZ has implemented aggressive price hikes which, in addition to restoring margin to parity with historical levels, have positioned revenue to grow at the highest since 2009.
- That said, it is unlikely that PZ will replicate 2017 performance next year. We expect revenue growth will be weaker as price increases slow down, and yet, demand in the Personal Care and Electrical divisions take time to recover. In addition, PZ's linkage to FX volatility via imports remains substantial, and save for major improvement in NGN/USD exchange rate or the moderation of raw material input prices, there are no visible internal measures that would lower production costs in the short term.
- We rolled forward valuation to 2018 and revised TP to N14.29 (previously N10.41). PZ's stock has appreciated with the broad rally on the local, and currently trades at 33.53% premium to our TP, as such, we recommend a SELL.

UNILEVER NIGERIA PLC – SELL

- The shares of UNILEVER dipped 2.94% last week to close at N33.00. UNILEVER trades at forward PE of 27.4x, below its 5-year average of 61.8x.
- UNILEVER released impressive Q2-17 result on Friday, wherein both revenue and net profit grew by 58% and 3873% y/y respectively. Compared to Q1-17, revenue grew 3.4% while net profit increased by 29.4%. Both the revenue of N22.9 billion and net profit of N2.1 billion were ahead of our estimates of N20.4 billion and N860 million respectively.
- The q/q revenue growth in Q2 is UNILEVER's first since Q2-14. It is important to reiterate that while revenue continues to benefit from the increase in the prices of key products, recent results suggest that the company is increasing market share. We note particularly, the recovery in the Personal Care division, wherein revenue growth was 53% in H1, after lagging other divisions in the last two years. Revenue in this category grew by 73% y/y and 1% q/q in Q2. Revenue in the Home Care division grew by 77% y/y and 17% q/q, and while Food revenue declined by 2% q/q, it grew by 24% y/y during the review period.
- Another positive surprise from the second quarter result is the strong rebound in gross margin to 33.2%, from 28.4% in Q1-17, 27.9% in Q2-16, and above our 28% forecast. The quick margin recovery to historical level was underpinned by pricing actions, positive mix, and importantly, exchange rate-linked cost savings. The NGN appreciated significantly against the USD in Q2, thus the positive pass through to production cost, given that UNILEVER is a net importer of raw materials.
- On the negative, finance charge increased by 186.6% y/y and 38.2% q/q, notwithstanding the reduction in gross debt to N19.95 billion, from N25.4 billion at the end of Q1-17. Over H1, finance charge is up 92.8%. Driving the increase are interest on intercompany FCY loan of USD60 million obtained in Q3-16 and exchange loss difference on same. UNILEVER is raising N58 billion via Rights Issue, the proceeds of which would be channeled to (1) deleveraging the balance sheet and (2) working capital and capital expenditure investments.
- Over H1, UNILEVER's net profit is up by 236%, and well-ahead of consensus. Hence, we look for positive reaction to the latest result on expected upward revision to forecasts. Our forecasts are under review.

DANGOTE CEMENT PLC – HOLD

- The shares of DANGCEM appreciated by 1.99% last week to close at N209.00. DANGCEM trades at forward PE of 16.1x, below its 5-year average of 17.2x.
- DANGCEM grew Q1-17 revenue (48.1% y/y and 20.3% q/q), EBITDA (42.3% y/y and 31.6% q/q), and PAT (33.7% y/y and 32.9% q/q). Revenue and PAT were both ahead of our +20.6% y/y and -8% y/y estimates respectively. Consensus estimates were +24% y/y and -0.2% y/y revenue and net profit respectively.
- The revenue growth was underpinned by higher average prices (58% y/y estimate), which more than compensated for the decline in volume (6.6% y/y vs. Cordros' -5% y/y estimate). Expectedly, the Group volume was dragged by the Nigerian operation, wherein shipment fell by 16.5% y/y. The non-Nigerian volume grew by 16.4% y/y and 12.9% q/q.
- Gross margin (GM) recovered well-ahead of Q4-16's (46.7%), reaching 57.8% (+209 bps y/y) and ahead of our 50.4% estimate. Again, Group GM benefited from the surprise in the Nigerian operation, wherein GM hit 72% (the first since Q2-15). The Pan-African GM (19.9%), on the other hand, was below Q1-16's, but recovered from the record trough of 12.6% achieved in Q4-16. Group opex rose by 68.6% y/y, and 38.2% above Q4-16's. In Nigeria, opex was 103.4% higher y/y while the non-Nigeria opex grew by 96.2% y/y. In both markets, haulage expenses (147% y/y Nigeria and 133% y/y Pan-Africa) contributed to the significant increase in opex. Hence while EBITDA grew, EBITDA margin fell 204 bps y/y, with Nigerian realized 62.7% margin (though higher y/y) coming below the Q4-16's 64.4% margin which management said it is targeting. Overall, DANGCEM's result is impressive, with EBITDA consistent with management optimistic outlook.
- That said, it was recently reported that DANGCEM's plant in Ethiopia was on target during an unrest involving youths demanding some control over the mining facility. Management confirmed that the youth action affected activity at the facility, but not for any significant period. Management, while confirming that it is engaging the government of Ethiopia on the development, stated that it would rather shut its operation in the country than agree to the demands of the youth.
- The plant in Ethiopia is of 2.5MTs/year capacity, operates close to maximum capacity, and is one of DANGCEM's profitable non-Nigerian operations in EBITDA terms. Hence, major disruption to the plant's operation could be potentially damaging of the Group's earnings.

- DANGCEM announced the publication of credit ratings from Moody's and Global Credit Ratings. Moody's Investors Service, ("Moody's") assigned a first-time Ba3 Local Currency Corporate Family Rating (CFR), Ba3-PD Probability of Default Rating, and Aaa.ng National Scale Rating (NSR). Global Credit Ratings on the other hand assigned long term and short term national scale issuer ratings of AA+(NG) and A1+(NG) respectively, to the company. The outlook on both ratings is stable. The ratings are in view of DANGCEM's planned NGN denominated bond issuance.

LAFARGE AFRICA PLC – BUY

- The shares of LAFARGE gained by 4.00% last week to close at N52.00. LAFARGE trades at forward PE of 10.6x, below its 5-year average of 11.8x.
- LAFARGE announced Q1-17 PAT of N5.2 billion (vs. –N1.9 billion in Q1-16), driven by (1) 55% y/y increase in revenue, (2) comparatively higher gross margin, and (3) higher investment and other incomes. The PAT, however, was behind consensus, owing to higher effective tax rate.
- Cement revenue grew by 61% y/y, as relatively higher price in both Nigeria and South Africa more than offset the lower sales volume experienced in both markets. In Nigeria, sales volume grew by 6% compared to Q4-16, but was down by 12% y/y. In absolute terms, the N81.3 billion revenue reported during the period is the second largest (behind the N99.1 billion reported in Q4-15) since the emergence of Lafarge Africa.
- The strong start to the year notwithstanding, the low point of the result was the 1247 bps q/q contraction of margin, which contradicted management's claim that it continues to witness savings from (1) energy efficiency, via increasing substitution of alternative fuel and (2) de-correlation of FX, via local sourcing and energy diversification. Although not communicated during the analysts' call, management claimed the Q4-16 GM was driven higher by one-offs, relating to accounting treatment of gas contracts and some other costing.
- That said, LAFARGE's latest result, excluding the surprises, was consistent with the performance in Q4-16, and in line with consensus expectation of an improvement in the company's performance following the tough operating environment in 2016. Management retained its 0-2% demand growth, and flat to declining outlook, for both the Nigerian and South African markets respectively. We retain BUY recommendation on the stock.
- LAFARGE's issued shares increased to 5.49 billion, from 5.48 billion, following the listing of shares (9.78 million) issued to the shareholders of Ashaka Cement Plc (ASHAKA) in exchange for their shares in ASHAKA.

GUARANTY TRUST BANK PLC – SELL

- The shares of GUARANTY advanced by 5.78% last week to close at N36.60. GUARANTY trades at forward PE of 6.8x, above its 5-year average of 6.2x.
- The CBN announced recently, that it has taken over the management of Etisalat Nigeria, with a change of management. The decision came on the back of strategic importance of the company and to avoid a ripple impact on the banking sector of ongoing negotiation between the banks and the erstwhile management of Etisalat fails. GUARANTY's estimated exposure of US\$137 million (N42 billion) represents c.2.64% of loan book. Though, a recent press release by ETISLAT stated that 42% of the original loan has been repaid to the consortium of 13 banks (including GUARANTY), but the ability of ETISALAT to service the remaining obligation remains questionable.
- Despite the sector-wide challenges, GUARANTY's impressive cost management strategy and sizeable portfolio of fixed income instruments remain key drivers of profitability. The balance sheet size ranks it in the Tier-1 category based on total assets size which stood at N3.43 trillion as at Q1:2017.
- In Q1-17, GUARANTY posted a strong top line growth with Gross Earnings up 40.01% y/y driven by 50.64% y/y and 9.83% y/y surge in Interest Income and noninterest income, respectively. While interest expense rose during the period, the impressive uptick in asset yields more than offset the growth in funding costs to drive 248 bps y/y growth in NIM to 10.60% in Q1-17. In the same vein, cost-to-income ratio fell significantly (727 bps y/y and 1977 bps q/q) to 38.34%, following moderation in opex (down 5.41% y/y). Accordingly, PAT rose 53.44% y/y to N119.93 billion.

- In line with the impressive performance, we revised GUARANTY's 2017F asset yield higher to 12.95%, translating to interest income of 330 billion and NIR of N103 billion. Consequently, our gross earnings estimate is raised higher to N437 billion, despite cutting our Non-Interest Income forecast to ₦85 billion. Also, given the marginal contraction in cost of risk, we have adjusted loan loss expectation to N35 billion. Overall, we forecast FY-17 PBT and PAT of N197 billion and N158 billion, translating to an EPS of ₦5.39. Our current 12-month TP of N30.72 represents downside potential of 16.07% from current levels; consequently, we retain SELL recommendation on the stock.

ZENITH BANK PLC – HOLD

- The shares of ZENITH closed higher by 5.78% last week to N21.93. ZENITH trades at forward PE of 4.7x, below its 5-year average of 5.0x.
- Recently, the CBN took over the management of ETISALAT Nigeria one of the obligors of ZENITH, in a bid to find a solution to the unresolved discussion on a restructuring of the facility estimated at US\$262 million (N80 billion, representing c.3.49% of loan book). Though, ETISLAT stated that 42% of the original loan has been repaid, but the ability of ETISALAT to service the remaining obligation has been hampered by the state of the economy. It is unclear how long the CBN is going to run the firm, but we expect an extension of the moratorium on the facility (for both interest and principal).
- We remain bullish on ZENITH, given its strong CAR in the banking sector as the bank continues to leverage on its stringent risk assessment framework to mitigate capital erosion. Despite the significant y/y rise in risk asset following the currency devaluation, ZENITHBANK's capital and liquidity ratios (CAR: 22% and L.R: 66.0%) still remained strong despite a surge in NPL to 3.2% from 2.2% in FY-17.
- ZENITH recently completed the Second Tranche 5-year Eurobond (coupon: 7.375%) of US\$500 million as part of its US\$1 billion Global Medium Term Note Programme. The programme was priced at 113 bps premium to the first tranche maturing in 2019.
- In Q1-17, ZENITH recorded strong y/y growth in interest income, driven by expansion in the naira yield curve, however, NIM contracted 20 bps y/y to 7.70%, as funding costs tracked significantly higher by 180 bps – due to the translation impact of NGN depreciation on FCY borrowing and deposits – CASA (+85.34% y/y) and term deposits (+99.02% y/y) broadly reflective of the relatively higher interest rate environment. In the same vein, NIR rose 94.28% y/y and 3.07% q/q, largely reflective of the surge in fee income (34.85% y/y due to higher account maintenance fees) and monumental growth in trading income.
- Accordingly, gross earnings surged 48.58% y/y and 15.74% q/q to offset the cost pressure (opex rose 24.24% y/y and 45.25% q/q) - cost to income ratio tracked higher by 473 bps y/y to 52.14%. Overall, PBT and PAT improved 37.60% y/y and 41.12% y/y, respectively.
- Following the impressive Q1-17 performance, we revise ZENITH's 2017F Interest Income higher to N478 billion - to reflect the stronger yield on asset, and NIR of N107 billion. Consequently, we revise gross earnings estimate higher to N586 billion. Also, to reflect the y/y contraction in COR, we revise our loan loss expectation to ₦28 billion. Overall, we raise our FY'17F PBT and PAT to N177 billion and N145 billion – translating to an EPS of ₦4.62. Our current 12-month TP of N21.81 represents a downside potential of 5.02% from current levels; consequently, we place a HOLD recommendation on the stock

UNITED BANK FOR AFRICA PLC – HOLD

- The shares of UBA advanced by 5.88% last week to close at N9.00. UBA trades at forward PE of 4.2x, above its 5-year average of 3.2x.
- Recently, ETISALAT Nigeria reconstituted its board with the apex bank mostly in control. The board change follows an unresolved negotiation between the telecom giant and a syndicate of 13 banks (including UBA). UBA's exposure to Etisalat is estimated at US\$123 million (N37 billion, representing c.2.50% of loan book).
- Recently, UBA successfully launched and completed a US\$500 million 7.75% five-year Eurobond. The debut Eurobond attracted immense participation from global investors as it was over subscribed by 240%
- In its recently released Q1-17 results, BA's gross earnings expanded 36.58% y/y, with PBT and PAT expanding 40.85% y/y and 31.58% y/y respectively. However, q/q gross earnings waned 14.28%, with further contraction in PBT (-12.44% q/q) -- the q/q weakness reflects slowdown across both revenues segments: interest income (-5.21% q/q) and non-interest revenues (-39.19% q/q).

- The q/q contraction in interest income is on the back of further assets quality deterioration which drove 40 bps y/y uptick in COR to 0.80% reflecting the growth in NPLs (up 225 bps to 3.95%), while CAR shrank 60 bps to 19.4%, albeit, above the required 16.0% for SIBs.
- Given the pressure on asset quality, we have revised our estimate across a few line items. Notably, we raised our estimate of COR above management's guidance by 5 bps to 1.55%, 106bps contraction in assets yield to 9.15% and marginal decline in CoF to 3.68%. However, we estimate interest income to track higher to N300 billion, while we expect NIR to decline to N93 billion to book gross earnings of N410 billion. Overall, we estimate a N90 billion and N77 billion PBT and PAT for FY-17F, translating to an EPS of ₦2.14. Our current 12-month TP of N8.84 represents a downside potential of 1.78% from current levels; consequently, we recommend a HOLD on the stock.

ACCESS BANK PLC – HOLD

- The shares of ACCESS surged by 8.43% last week to close at N9.90. ACCESS trades at forward PE of 2.9x, in line with its 5-year average of 2.9x.
- Though, having the third largest exposure to ETISALAT Nigeria estimated at US\$131 million (N40 billion representing c.2.50% of loan book), as a percentage of loan book, it is behind that of ZENITH, GURANTY and UBA in that order.
- ACCESS continued its impressive performance in Q1-17 with gross earnings growing 44.45% y/y and 8.60% q/q. This follows higher-than-expected growth across key line items; interest income (+43.10% y/y and 20.06% q/q) and NIR (+47.48% y/y and -20.06% q/q). Accordingly, PBT (+38.19% y/y and 70.21% q/q) and PAT (+33.98% y/y and 81.41% q/q) moved in the same direction.
- In the last few years, ACCESS has grown its asset base and currently ranks as a Tier-1 bank with total assets of N3.48 trillion as at Q1-17. Despite the increasing risk assets creation, ACCESS' CAR remained high at 21.0% in Q1-17, well above regulatory threshold of 15.0% for SIBs. While, NPL came in higher by 50 bps in Q1-17 to 2.2%, the uptick in COR was far less (10 bps to 0.70%).
- To reflect the impressive performance in Q1-17, we have updated our model, with notable changes in asset yield, cost of fund, NIM, CIR and cost-to-income to 11.35%, 4.58%, 6.35%, 1.2% and 55.66%, respectively. As such, we forecast interest and noninterest revenue of N353 billion and N112 billion respectively, to book gross earnings of N466 billion. Overall, we raise our FY-17F PBT and PAT to N122 billion and N99 billion – translating to an EPS of N3.44. Our current 12-month TP of N9.76 represents a downside potential of 1.41% from current levels; consequently, we recommend a HOLD on the stock.

FBN HOLDINGS PLC – SELL

- The shares of FBNH lost by 0.98% last week to close at N6.04. FBNH trades at forward PE of 11.6x, above its 5-year historical average of 6.3x.
- In the Tier 1 banks' group of the syndicate of 13 banks exposed to Etisalat Nigeria, FBNH has the lowest exposure estimated at US\$78 million (N24 billion representing c.1.15% of loan book).
- FBNH continues to record double digit top line performance, with gross earnings growth of 15.17% y/y in FY-16, buoyed by growth in net insurance premium (+14.85% y/y) and significant improvement in NIR (+70.56% y/y). PBT and PAT increased 6.68% y/y and 12.16% y/y respectively. In line with its consistent dividend payout, FBNH declared a dividend of 20 kobo, representing 41.88% payout ratio.
- Also, FBNH released its results for Q1-2017, recording double-digit growth in gross earning (+31.22%), driven by a surge in interest income (+36.75% y/y), while net insurance premium and non-interest income also grew by 8.77% y/y and 10.52% y/y respectively. However, during the quarter, PBT and PAT declined 9.48% and 22.08% y/y respectively.
- For both periods (FY-16 and Q1-17), pressure on asset quality persists, with NPL further tracking higher to 24.4% (from 18.1% in FY-15) in FY-16 and 26.0% in Q1-17 (Vs. 21.5% in Q1-16). As such, CoR remain elevated for both periods at 10.4% (Vs. 5.7% in FY-15) and 4.8% (Vs. 2.6% in Q1-16) to record 89.43% and 125.98% y/y growth in loan loss provisioning in FY-16 and Q1-17, respectively.

- In line with the performance in both periods, with emphasis on the Q1-17 results, we have updated our model. We forecast interest income to grow by 7.42% to N435 billion and 33.59% decline in NIR to N429 billion. Also, we estimate marginal decline in loan loss provision for FY-17 to N176 billion. Overall, our FY-17 PBT and PAT forecasts are N25 billion and N18 billion PBT respectively, translating to an EPS of N0.52. Our current 12-month TP of N5.37 represents downside potential of 11.09% from current levels; consequently, we recommend a SELL on the stock.

Ticker	Current	Week-H	Week-L	WTD chg	Month-H	Month-L	MTD chg	3 Month-H	3Month-L	3MTD chg	6Month-H	6Month-L	6MTD chg	Year High	Year Low	YTD Chg	52wk Hi	52wk Lo	52 week chg
FINANCIAL SERVICES																			
ACCESS	9.90	9.95	9.58	0.00%	9.95	9	6.45%	10.76	6.25	58.40%	10.76	5.93	47.98%	10.76	5.93	68.65%	10.76	5.15	77.4%
DIAMONDBNK	1.28	1.28	1.24	0.00%	1.28	1.19	3.23%	1.44	0.79	50.59%	1.44	0.78	15.32%	1.44	0.78	45.45%	1.84	0.78	-30.4%
ETI	14.13	14.13	12.87	0.00%	14.13	12.36	1.15%	15.35	7.10	82.09%	15.35	7.10	45.37%	15.35	7.10	37.45%	15.35	7.10	3.1%
FIDELITYBK	1.26	1.29	1.25	0.00%	1.30	1.22	-3.82%	1.42	0.81	55.56%	1.42	0.77	40.00%	1.42	0.77	50.00%	1.42	0.76	10.5%
GUARANTY	36.60	36.90	34.62	0.00%	36.90	34	5.11%	36.90	24.81	47.40%	36.90	23.02	53.14%	36.90	23.02	48.18%	36.90	20.65	62.0%
SKYEBANK	0.61	0.61	0.57	0.00%	0.68	0.57	1.67%	0.81	0.50	22.00%	0.81	0.50	22.00%	0.81	0.50	22.00%	0.85	0.50	-7.6%
STERLNBANK	1.02	1.04	1.00	0.00%	1.06	1	-1.92%	1.16	0.70	39.73%	1.16	0.67	32.47%	1.16	0.67	34.21%	1.35	0.67	-24.4%
UBA	9.00	9.01	8.92	0.00%	9.01	8.2	2.74%	9.47	5.18	73.08%	9.47	4.61	80.36%	9.47	4.61	100.00%	9.47	4.01	95.7%
UBN	5.51	5.58	5.23	0.00%	6.12	5.23	-9.97%	6.12	4.75	10.64%	6.12	4.67	10.20%	6.12	4.67	0.18%	6.12	3.90	22.4%
UNITYBNK	0.73	0.73	0.64	0.00%	0.73	0.61	8.96%	0.86	0.50	19.67%	0.86	0.50	25.86%	0.86	0.50	32.73%	1.02	0.50	-24.7%
WEMABANK	0.55	0.57	0.55	0.00%	0.57	0.54	0.00%	0.67	0.50	10.00%	0.67	0.50	7.84%	0.67	0.50	1.85%	0.79	0.50	-24.7%
ZENITHBANK	21.93	22.10	21.31	0.00%	22.10	20.2	4.98%	22.90	14.50	50.21%	22.90	13.30	40.85%	22.90	13.30	48.68%	22.90	13.30	33.6%
FBNH	6.04	6.25	6.04	0.00%	6.25	5.91	-5.33%	7.07	3.17	66.85%	7.07	2.96	65.48%	7.07	2.96	80.30%	7.07	2.95	61.5%
FCMB	1.25	1.27	1.24	0.00%	1.27	1.15	0.00%	1.42	0.93	26.26%	1.42	0.93	-0.79%	1.42	0.93	13.64%	1.42	0.93	-10.7%
STANBIC	31.50	31.50	30.26	0.00%	33.00	30.26	-4.55%	33.00	19.01	65.70%	33.00	15.00	102.96%	33.00	15.00	110.00%	33.00	13.00	103.2%
AIICO	0.61	0.62	0.60	0.00%	0.62	0.57	1.67%	0.64	0.51	15.09%	0.64	0.51	1.67%	0.64	0.51	-3.17%	0.76	0.51	-16.4%
CONTINSURE	1.38	1.40	1.36	11.29%	1.40	1.19	15.97%	1.45	1.11	13.11%	1.45	1.00	25.45%	1.45	1.00	39.39%	1.45	0.90	35.3%
CUSTODYINS	3.57	3.57	3.40	0.00%	3.57	3.4	2.29%	3.95	3.00	18.21%	3.95	3.00	-4.80%	3.95	3.00	-8.23%	4.04	3.00	-10.5%
MANSARD	2.19	2.19	2.19	-6.81%	2.35	2.19	-1.35%	2.62	1.48	46.00%	2.62	1.45	36.88%	2.62	1.45	31.14%	2.62	1.45	6.3%
NEM	1.13	1.13	1.03	0.00%	1.13	0.99	7.62%	1.13	0.80	37.80%	1.13	0.79	32.94%	1.13	0.79	7.62%	1.13	0.70	13.0%
WAPIC	0.50	0.50	0.50	0.00%	0.50	0.5	0.00%	0.55	0.50	0.00%	0.55	0.50	-5.66%	0.55	0.50	0.00%	0.55	0.50	0.0%
NPFMCRFBK	1.45	1.45	1.45	0.00%	1.45	1.45	0.00%	1.45	1.12	12.40%	1.45	1.05	31.82%	1.45	1.05	31.82%	1.45	0.89	48.0%
INFINITY	1.44	1.44	1.44	0.00%	1.44	1.44	0.00%	1.47	1.44	-2.04%	1.47	1.44	-2.04%	1.47	1.44	-2.04%	1.47	1.44	-2.0%
AFRIPRUD	3.00	3.00	2.95	0.00%	3.00	2.92	3.45%	3.07	2.41	24.48%	3.19	2.27	-2.91%	3.29	2.27	-1.64%	3.29	2.26	-6.3%
UCAP	3.15	3.35	3.03	0.00%	3.35	3.03	-3.37%	3.41	2.73	12.50%	3.82	2.41	-4.83%	3.82	2.41	15.38%	3.82	2.18	21.6%
CONSUMER GOODS																			
CHAMPION	2.50	2.85	2.39	0.00%	2.88	2.39	-15.25%	3.44	2.06	1.21%	3.44	2.06	5.49%	3.44	2.06	2.04%	3.79	2.06	-34.0%
GUINNESS	63.00	63.00	60.00	0.00%	67.93	60	-11.89%	73.00	60.00	5.00%	78.90	60.00	-13.72%	80.00	60.00	-24.14%	100.01	60.00	-35.1%
INTBREW	31.46	31.46	29.97	0.00%	31.46	29.97	2.91%	32.23	17.50	79.77%	32.23	15.00	74.97%	32.23	15.00	70.05%	32.23	15.00	68.7%
NB	154.02	155.17	153.01	0.00%	161.05	153.01	-4.34%	168.00	120.11	25.22%	168.00	112.82	8.33%	168.00	112.82	4.07%	168.00	112.82	15.7%
DANGSUGAR	9.00	9.00	8.70	0.00%	9.00	8.36	0.00%	9.76	5.80	49.75%	9.76	5.71	48.27%	9.76	5.71	47.30%	9.76	5.71	32.4%
FLOURMILL	25.00	25.25	25.00	0.00%	27.00	22	-7.41%	29.50	17.50	38.89%	29.50	17.20	38.20%	29.50	17.20	35.21%	29.50	16.20	12.1%
HONYFLOUR	1.82	1.94	1.82	0.00%	2.12	1.82	3.41%	2.27	0.98	85.71%	2.27	0.92	51.67%	2.27	0.92	40.00%	2.27	0.92	15.2%
NASCON	9.50	9.50	9.06	0.00%	9.50	9.04	2.15%	10.11	7.35	12.56%	10.11	6.65	25.83%	10.11	6.65	11.76%	10.11	6.65	18.8%
UNIONDICON	13.45	13.45	13.45	0.00%	13.45	13.45	0.00%	14.15	13.45	-4.95%	15.67	13.45	-14.17%	15.67	13.45	-14.17%	16.49	13.45	-18.4%
CADBURY	12.56	12.56	11.40	0.00%	13.30	11.4	-10.29%	15.67	9.30	35.05%	15.67	7.41	36.82%	15.67	7.41	22.06%	16.53	7.41	-21.5%
NESTLE	903.05	903.05	901.00	0.00%	903.05	901	0.23%	965.00	713.50	20.41%	965.00	570.00	14.31%	965.00	570.00	11.49%	965.00	570.00	6.2%
VITAFOAM	2.78	2.78	2.57	0.00%	2.78	2.57	3.73%	3.00	1.90	46.32%	3.00	1.64	23.56%	3.00	1.64	15.83%	3.33	1.64	-16.0%
PZ	21.50	21.50	21.00	0.00%	24.35	21	-6.20%	24.35	14.64	46.86%	24.35	11.04	55.91%	24.35	11.04	48.28%	24.35	11.04	4.4%
UNILEVER	33.00	34.00	33.00	0.00%	36.87	33	-10.50%	43.00	31.81	-0.45%	43.00	27.81	-5.71%	43.00	27.81	-5.71%	50.01	27.81	0.0%

AGRICULTURE	Current	Week-H	Week-L	WTD chg	Month-H	Month-L	MTD chg	3 Month-H	3Month-L	3MTD chg	6Month-H	6Month-L	6MTD chg	Year High	Year Low	YTD Chg	52wk Hi	52wk Lo	52 week chg
OKUMUOIL	59.52	59.52	56.65	0.00%	59.52	56.15	1.76%	70.18	46.60	19.33%	70.18	40.17	34.45%	70.18	40.17	48.17%	70.18	31.50	89.0%
PRESCO	64.54	67.93	64.54	0.00%	67.93	64.54	-11.59%	76.00	45.00	37.32%	76.00	40.10	53.08%	76.00	40.10	60.95%	76.00	36.00	79.3%
LIVESTOCK	0.94	0.95	0.91	0.00%	1.00	0.91	-1.05%	1.10	0.58	62.07%	1.10	0.58	10.59%	1.10	0.58	11.90%	1.10	0.58	-7.8%
CONGLOMERATES																			
AGLEVENT	0.78	0.78	0.78	-4.88%	0.90	0.78	-9.30%	0.90	0.69	4.00%	0.96	0.69	-15.22%	0.96	0.69	-18.75%	0.99	0.69	-16.1%
JOHNHOLT	0.55	0.55	0.55	0.00%	0.59	0.55	-6.78%	0.63	0.55	-12.70%	0.66	0.55	-16.67%	0.66	0.55	-16.67%	0.72	0.55	-23.6%
TRANSCORP	1.39	1.44	1.38	0.00%	1.44	1.29	-2.80%	1.86	0.87	56.18%	1.86	0.69	59.77%	1.86	0.69	59.77%	1.86	0.67	-10.9%
UACN	16.58	17.25	16.58	0.00%	17.40	16.5	-7.79%	18.53	13.75	13.56%	18.53	12.02	-0.72%	18.53	12.02	-1.37%	21.78	12.02	-17.5%
CONSTRUCTION/REAL ESTATE																			
JBERGER	32.67	32.67	32.14	0.00%	35.61	32.14	-12.83%	43.84	32.14	-22.12%	43.84	32.14	-6.20%	43.84	32.14	-15.32%	50.93	32.14	-35.9%
UAC-PROP	2.90	2.90	2.80	0.00%	2.90	2.7	3.57%	2.95	1.70	61.11%	3.09	1.63	7.01%	3.15	1.63	10.69%	4.00	1.63	-27.5%
HEALTHCARE																			
EKOCORP	3.37	3.37	3.37	0.00%	3.37	3.37	0.00%	3.37	3.21	4.98%	3.37	3.21	4.98%	3.37	3.21	4.98%	3.54	3.21	-4.8%
FIDSON	2.97	2.97	2.70	0.00%	2.97	2.7	6.83%	3.30	0.96	197.00%	3.30	0.89	156.03%	3.30	0.89	132.03%	3.30	0.89	40.1%
GLAXOSMITH	20.00	20.00	20.00	0.00%	20.45	20	-2.20%	21.59	14.09	40.85%	21.59	14.00	26.98%	21.59	14.00	26.98%	21.59	13.54	7.5%
MAYBAKER	2.93	2.94	2.84	0.00%	3.51	2.84	-24.48%	5.52	0.85	232.95%	5.52	0.85	187.25%	5.52	0.85	211.70%	5.52	0.81	144.2%
NEIMETH	0.81	0.81	0.64	0.00%	0.82	0.64	-5.81%	0.98	0.53	44.64%	0.98	0.53	12.50%	0.98	0.53	3.85%	1.24	0.53	-34.7%
PHARMDEKO	2.25	2.25	2.25	0.00%	2.25	2.25	0.00%	2.25	1.95	15.38%	2.25	1.78	26.40%	2.25	1.78	26.40%	2.25	1.62	32.4%
ICT																			
CWG	2.54	2.54	2.54	0.00%	2.54	2.54	0.00%	2.54	2.54	0.00%	2.67	2.54	-4.87%	2.67	2.54	-4.87%	2.67	2.54	-4.9%
NCR	7.33	7.71	7.33	0.00%	7.71	7.33	-4.93%	7.71	7.33	-4.93%	8.53	7.33	-14.07%	8.53	7.33	-14.07%	8.99	7.33	-18.5%
TRIPPLEG	1.14	1.14	1.14	0.00%	1.14	1.14	0.00%	1.24	1.14	-8.06%	1.36	1.14	-12.31%	1.36	1.14	-16.18%	1.53	1.14	-25.5%
INDUSTRIAL GOODS																			
AFRPAINTS	2.35	2.35	2.35	0.00%	2.35	2.35	0.00%	2.47	2.35	-4.86%	2.47	2.35	-4.86%	2.47	2.35	-4.86%	2.59	2.35	-9.3%
BERGER	7.15	7.15	7.15	0.00%	7.15	6.84	-0.69%	7.20	5.88	12.07%	7.20	5.88	11.72%	7.20	5.88	11.72%	8.03	5.88	-6.5%
CAP	35.44	35.70	34.00	0.00%	35.70	33	10.75%	37.80	32.00	7.39%	37.80	28.01	10.75%	37.80	28.01	10.75%	37.80	27.30	1.3%
CCNN	9.70	9.70	9.70	0.00%	9.70	9.7	0.00%	11.27	4.44	117.00%	11.27	4.15	133.73%	11.27	4.13	94.00%	11.27	4.04	38.8%
DANGCEM	209.00	209.00	204.93	0.00%	209.00	202	1.96%	213.97	159.00	30.63%	213.97	149.26	24.40%	213.97	149.26	20.12%	213.97	149.26	10.0%
FIRSTALUM	0.59	0.60	0.57	0.00%	0.60	0.57	1.72%	0.60	0.50	18.00%	0.60	0.50	18.00%	0.60	0.50	18.00%	0.60	0.50	18.0%
PAINTCOM	0.65	0.65	0.65	0.00%	0.65	0.65	0.00%	0.65	0.65	0.00%	0.65	0.62	0.00%	0.65	0.62	0.00%	0.99	0.62	-34.3%
PORTPAINT	2.10	2.10	2.10	0.00%	2.10	2.1	0.00%	2.10	1.82	11.11%	2.10	1.71	16.67%	2.10	1.71	16.67%	2.29	1.38	13.5%
WAPCO	52.00	52.00	49.99	0.00%	52.00	49.99	4.00%	54.99	46.00	13.04%	54.99	34.50	30.00%	54.99	34.50	26.98%	63.22	34.50	-17.7%
CUTIX	2.38	2.38	2.20	0.00%	2.38	2.1	19.00%	2.38	1.62	46.91%	2.38	1.42	53.55%	2.38	1.42	25.93%	2.38	1.42	46.9%
AVONCROWN	1.08	1.08	1.08	4.85%	1.08	0.99	3.85%	1.14	0.99	-5.26%	1.14	0.99	-5.26%	1.14	0.99	-5.26%	1.45	0.99	-25.5%
BETAGLAS	52.17	52.17	52.17	0.00%	52.17	52.17	0.00%	55.89	46.00	12.44%	55.89	30.00	73.90%	55.89	30.00	72.06%	55.89	28.88	34.9%
VANLEER	9.09	9.09	9.09	0.00%	9.09	9.09	0.00%	9.09	9.09	0.00%	9.69	9.09	-6.19%	9.69	9.09	-6.19%	9.69	9.09	-6.2%

OIL AND GAS	Current	Week-H	Week-L	WTD chg	Month-H	Month-L	MTD chg	3 Month-H	3Month-L	3MTD chg	6Month-H	6Month-L	6MTD chg	Year High	Year Low	YTD Chg	52wk Hi	52wk Lo	52 week chg
SEPLAT	475.00	475.00	465.00	0.00%	475.00	460.05	2.15%	475.00	345.80	18.75%	475.00	345.80	28.38%	475.00	345.80	25.00%	475.00	240.00	43.9%
OANDO	7.55	8.40	7.55	0.00%	8.40	7.04	3.42%	9.54	5.32	41.92%	9.54	4.54	60.30%	9.54	4.54	60.64%	9.54	3.61	14.4%
CONOIL	29.98	33.21	29.98	0.00%	42.34	29.98	-32.72%	44.56	29.98	-9.83%	44.56	29.98	-19.73%	44.56	29.98	-20.01%	44.56	20.57	18.9%
ETERNA	3.80	3.85	3.75	0.00%	3.85	3.71	-0.26%	4.09	3.03	24.59%	4.09	2.97	13.10%	4.09	2.97	22.58%	4.09	2.35	45.0%
FO	56.17	56.17	48.70	0.00%	56.17	48.7	12.18%	64.30	43.00	26.22%	80.75	43.00	-24.09%	81.49	43.00	-33.47%	194.90	43.00	-71.2%
MOBIL	260.00	260.00	236.55	0.00%	260.00	236.55	3.99%	340.00	236.55	-19.76%	360.00	236.55	4.06%	360.00	236.55	-6.81%	360.00	161.55	60.9%
MRS	37.30	37.30	37.30	0.00%	37.30	37.3	0.00%	39.03	37.30	-4.43%	43.24	37.30	-13.74%	43.24	37.30	-13.74%	45.51	31.93	16.8%
TOTAL	260.00	266.00	259.99	0.00%	266.00	259.99	-7.14%	282.55	255.00	-1.14%	300.00	255.00	-13.33%	305.00	255.00	-13.04%	345.00	180.00	42.9%
BOCGAS	3.14	3.30	3.14	0.00%	3.30	3.14	-4.85%	3.52	3.14	-10.80%	3.52	3.14	-10.80%	3.52	3.14	-10.80%	3.89	3.14	-15.4%
THOMASWY	0.50	0.50	0.50	0.00%	0.50	0.5	0.00%	0.54	0.50	-7.41%	0.54	0.50	-7.41%	0.54	0.50	-7.41%	0.56	0.50	-10.7%
SERVICES																			
REDSTAREX	5.40	5.40	5.25	0.00%	5.40	4.83	11.80%	5.40	4.20	25.29%	5.40	4.20	22.17%	5.40	4.20	22.73%	5.40	3.90	19.7%
TRANSEXPR	0.79	0.82	0.79	1.28%	0.82	0.78	-4.82%	0.95	0.75	-13.19%	1.00	0.75	-21.00%	1.00	0.75	-21.00%	1.12	0.75	-21.8%
CILEASING	0.62	0.65	0.62	0.00%	0.65	0.57	0.00%	0.76	0.57	-7.46%	0.76	0.50	24.00%	0.76	0.50	24.00%	0.76	0.50	24.0%
CAPHOTEL	3.31	3.48	3.31	-4.89%	3.48	3.31	-4.89%	3.65	3.31	-9.32%	3.70	3.31	-4.61%	3.70	3.31	-5.43%	3.87	3.31	-14.5%
TOURIST	3.50	3.65	3.50	-4.11%	3.65	3.5	-4.11%	3.65	3.50	-4.11%	3.68	3.50	-4.89%	3.68	3.50	-0.28%	3.68	3.50	-0.3%
LEARNAFRCA	0.90	0.90	0.83	0.00%	0.90	0.83	3.45%	0.95	0.74	4.65%	0.95	0.65	16.88%	0.95	0.65	16.88%	0.95	0.58	45.2%
UPL	2.92	3.23	2.92	0.00%	3.57	2.92	-18.21%	4.03	2.92	-27.54%	4.24	2.92	-31.13%	4.24	2.92	-31.13%	4.58	2.92	-36.2%
INTERLINK	3.80	3.80	3.80	0.00%	3.80	3.8	0.00%	3.80	3.80	0.00%	3.80	3.80	0.00%	3.80	3.80	0.00%	4.00	3.80	-5.0%
CAVERTON	1.02	1.02	1.02	0.00%	1.02	0.98	0.99%	1.02	0.90	9.68%	1.02	0.69	36.00%	1.02	0.69	13.33%	1.46	0.64	-30.1%
AIRSERVICE	4.56	4.56	4.56	0.00%	4.56	4.56	1.33%	4.97	3.91	16.62%	4.97	2.39	75.38%	4.97	2.39	82.40%	4.97	1.70	153.3%
NAHCO	2.99	2.99	2.80	0.00%	3.05	2.8	-1.97%	3.25	2.40	24.58%	3.25	2.00	11.57%	3.25	2.00	-5.38%	4.00	2.00	-25.3%

Rating Definition

Cordros Capital uses the following rating system:

BUY (OVERWEIGHT) - Over the next twelve months, we expect the stock to return at least 20% above the current market price.

HOLD (NEUTRAL) - Over the next twelve months, we expect the stock to range between <-10% and <+20% from the current market price.

SELL (UNDERWEIGHT) - Over the next twelve months, we expect the stock to be more than 10% below the current market price.

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